



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE STATE BUDGET
LANSING

MARY A. LANNOYE
DIRECTOR

September 18, 2003

BUDGET LETTER

TO: University Presidents

**Fiscal Year 2005 Budget Development
Due Date: October 28, 2003**

This letter identifies the financial and program information to be submitted for the fiscal year 2005 budget development process.

Operating Budget Request

The state fiscal year 2005 budget is anticipated to be very constrained and each of you is therefore encouraged to implement all opportunities for economies and efficiencies in the operation of your institution.

As part of your operating budget request, I am asking that you provide me a table (an example is provided as Attachment 1) that contains the following information:

- (1) The university's total general fund operations expenditures and revenues for fiscal year 2003 and the fiscal year 2003 year end general fund balance. Please separately identify the amount of revenue from state aid, student tuition and fees, and other institutional revenue as reported to the HEIDI database. Note the exception for the fiscal year 2003 one-time state supplemental funding appropriated in Public Act 144 of 2003 explained in Attachment 1.
- (2) The institution's budgeted general fund operations expenditures and revenues for fiscal year 2004 and the projected fiscal year 2004 year end general fund balance. Again specifically identify the amount of revenue from state aid, student tuition and fees, and other institutional revenue. Include a column showing the percent change in expenditures and revenue sources from fiscal year 2003. If budgeted fiscal year 2004 general fund expenditures exceed actual fiscal year 2003 general fund expenditures by more than 3 percent, please provide an attachment explaining the major causes of the increased expenditures.

- (3) The institution's projected fiscal year 2005 planned budget requirements. Include a column showing the percent change in expenditures from budgeted fiscal year 2004. Again, if projected fiscal year 2005 general fund expenditures exceed budgeted fiscal year 2004 general fund expenditures by more than 3 percent, please provide an attachment explaining the major causes of the increased expenditures.

Cost Containment

Please describe significant initiatives implemented by your institution to control costs in fiscal year 2004. In your description, please indicate the amount of annual savings or one-time savings you expect to achieve through each of these efforts. In addition, please describe new cost control initiatives that your institution plans on implementing in fiscal year 2005 and the anticipated savings resulting from each of these new efforts.

Performance Measures

Attached is a form for reporting performance measures for your institution. You may augment these by attaching a description of any performance or productivity measures used by your institution for measuring instructional and/or non-instructional services and a description of how the data from these measures is used to allocate resources. If you have questions, please contact Glen Preston at (517) 335-1539.

The information received from universities regarding additional resource needs, cost containment initiatives, and performance/productivity measures will be considered during the development of the Governor's fiscal year 2005 Executive Budget. Portions of the information received in the budget process pertaining to cost containment initiatives and performance measures may be published as part of the budget presentation. Please view this as an opportunity for your institution to demonstrate its financial stewardship to the public.

Submission Dates


Please submit three copies of budget development information by Tuesday, October 28, 2003 to Office of the State Budget, Office of Education and Infrastructure, George W. Romney Building, 6th Floor, 111 South Capitol, Lansing, Michigan 48913.

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State universities should enter higher education institutional data inventory (HEIDI) information by October 15, 2003, except for Wayne State University (WSU). WSU should provide preliminary HEIDI data by November 15, 2003 and final data by December 15, 2003. Universities should also submit a copy of the institution's Annual Financial Report to the State Budget Office, Senate Fiscal Agency, House Fiscal Agency, and Auditor General.

I look forward to working with you in developing the fiscal year 2005 Executive Budget recommendations.

Sincerely,



Mary A. Lannoye
State Budget Director

Attachments

cc: Budget and Financial Officers
Mike Boulus, Presidents Council, State Universities of Michigan
Presidents Council Analytical Studies Committee Members
Ellen Jeffries, Senate Fiscal Agency
Hank Prince, House Fiscal Agency
Office of Education and Infrastructure

State of Michigan, Office of the State Budget, Office of Education and Infrastructure
Summary Budget Request Form for Fiscal Year 2005

ATTACHMENT 1

INSTITUTION: _____

Institutional General Fund	(\$ amounts in thousands)			FY 2005 <u>Planned</u>	Percent <u>Change</u>
	FY 2003 <u>Actual</u>	FY 2004 <u>Budgeted</u>	Percent <u>Change</u>		
EXPENDITURES					
Revenues:					
State Operations Support				xxxxxxx	xxxxxxx
State One-Time FY2003 Supplemental			xxxxxxx	xxxxxxx	xxxxxxx
Tuition and Fees	xxxxxxx			xxxxxxx	xxxxxxx
Other Institutional Revenue				xxxxxxx	xxxxxxx
TOTAL GENERAL FUND REVENUE				xxxxxxx	xxxxxxx
Ending General Fund Balance				xxxxxxx	xxxxxxx
Unreserved General Fund Balance				xxxxxxx	xxxxxxx

Notes:

- Fiscal year 2003 state operations support should equal the net of the university's operations appropriations contained in PA 144 of 2002 and PA 746 of 2002 adjusted for Executive Order reductions contained in EO 2002-22 and EO 2003-3. For fiscal year 2004 state support should equal the fiscal year 2004 university operations appropriation contained in PA 144 of 2003.
- The fiscal year 2003 supplemental appropriation contained in PA 144 of 2003 should be entered under fiscal year 2004 as these appropriations will not be paid to state universities until September 2003.
- Report tuition and fee revenue recorded in the institution's general fund.
- Other general fund revenue includes federal revenue, investment income, indirect cost recovery and other revenue recorded in the institution's general fund.
- Ending general fund balance includes both obligated and unreserved year end balances. Unreserved general fund balance is that portion not specified by the institution's governing board to be held for one or more special purposes.

UNIVERSITY PERFORMANCE MEASURES

Institution: _____

Outcome Goals	1995-96 Cohort	1996-97 Cohort	1997-98 Cohort	1998-99 Cohort
<p>Maintain or improve baccalaureate graduation rates:</p> <p>a) Four year graduation rate - actual</p> <p>b) Five year graduation rate - actual/estimated</p> <p>c) Six year graduation rate - actual/estimated</p> <p>"Graduation rate" means the percentage of students who have completed the requirements for a baccalaureate degree from the institution at either 4, 5, or 6 years following initial enrollment using the IPEDS Graduation Rate Survey (GRS) methodology. The GRS is based on a fall cohort of full-time, first-time degree/certificate seeking undergraduates as established for the IPEDS Fall Enrollment Survey. Report graduation rates to the nearest tenth of percent. Report actual data where available and estimates when actual data is not available with a (e) noted after the reported estimated data.</p>				
<p>Date Completed _____</p> <p>Contact Person _____</p> <p>Phone Number _____</p> <p>E-Mail Address _____</p>				